

Power returned to state treasury

CHARLESTON – Gov. Joe Manchin signed into law this week a measure that returns a \$2 billion pot of operational money to State Treasurer John Perdue’s office, a move that restores power stripped from the treasury 18 years ago.

Manchin signed SB558, which moves the state Consolidated Fund from the quasi-independent Investment Management Board to Perdue’s control. The Consolidated Fund is a broad array of state operating monies, including tax collections, license and fee revenue and other sources.

The treasury, acting as the state’s bank, holds these funds in individual accounts. Those revenues are typically placed in short-term issues such as treasury bills and other conservative investments.

Most states employ such an arrangement in the treasury for their banking functions, says Perdue, the current president of the National Association of State Treasurers.

SB558 is a triumph for Perdue, who has been lobbying the past five years to see the fund returned to his office’s purview. The law takes effect July 9, 90 days after the end of this year’s legislative session.

“I have always said that state revenue belongs with the state,” Perdue said. “This is true state money and should stay in the domain of a constitutional office, where the people may have a full accounting of how the funds are invested and how they are performing.”

For Perdue, the hard-won return of the Consolidated Fund is the latest in a series of victories during his two-plus terms. In his first year in his office, he succeeded in moving cash management functions – paying bills and making deposits – back to the treasury.

He has also been successful in spearheading a prepaid college tuition program and partnering with The Hartford Financial Co. to implement its successor, the SMART529 college savings plan.

Perdue has also made full use of the federal Unclaimed Property Act to return a little more than \$50 million to state residents during his term. West Virginia has been among the top 10 states in percentage of unclaimed property returned through most of Perdue's term.

"I'm proud of what we've been able to accomplish during my term and look forward to more successes," Perdue said. "I credit an able and professional staff for their share in these victories."

The Consolidated Fund's initial move from the Treasurer's Office to the Investment Management Board has its roots, ironically enough, in the treasury administration of Gov. Manchin's uncle, A. James Manchin. Gov. Manchin introduced SB558 during the past session.

Losses under A. James Manchin's administration led to removal of cash management functions and long-term pension and retirement investments from the treasury. The quasi-independent Investment Management Board eventually gained control of both those investments and the traditional banking accounts.

"It has never been my style to criticize unnecessarily, Perdue said. "Mistakes happen. I am merely happy that the Legislature has seen fit to return this money to our custody."

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